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USDA Agricultural Baseline Projections to 2013

Interagency Agricultural Projections Committee

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USDA Baseline 

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Abstract

This report provides long-run baseline projections for the agricultural sector through 2013. Projections cover agricultural commodities, agricultural trade, and aggregate indicators of the sector, such as farm income and food prices. The projections are based on specific assumptions regarding macroeconomic conditions, policy, weather, and international developments. The baseline assumes that there are no shocks due to abnormal weather or other factors affecting global supply and demand. The 2002 Farm Act is assumed to remain in effect throughout the baseline. The baseline projections presented are one representative scenario for the agricultural sector for the next decade. As such, the baseline provides a point of departure for discussion of alternative farm sector outcomes that could result under different assumptions. The projections in this report were prepared in October through December 2003, reflecting a composite of model results and judgment-based analysis. Projections were completed prior to the diagnosis of a case of bovine spongiform encephalopathy (BSE) in an adult Holstein cow in Washington State in December 2003.

Improved domestic and international economic growth after the 2001 through early 2003 slowdown provides a favorable demand setting for the U.S. agricultural sector. A relatively strong U.S. dollar, despite declines from a recent peak, and trade competition are constraining factors on U.S. exports. Nonetheless, improving economic growth, particularly in developing countries, provides a foundation for gains in global consumption and trade, U.S. agricultural exports, and farm commodity prices. With domestic demand for agricultural products also increasing, market prices and cash receipts rise, which help to improve the financial condition of the U.S. agricultural sector.

Keywords: Projections, baseline, crops, livestock, trade, farm income, food prices.

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A Note to Users of USDA Baseline Projections

USDA long-term agricultural baseline projections presented in this report are a Departmental consensus on a long-run scenario for the agricultural sector. These projections provide a starting point for discussion of alternative outcomes for the sector.

The scenario presented in this report is not a USDA forecast about the future. Instead, it is a conditional, long-run scenario about what would be expected to happen under a continuation of the 2002 Farm Act and specific assumptions about external conditions. The baseline includes short-term projections from the November 2003 *World Agricultural Supply and Demand Estimates* report. The baseline was completed prior to the diagnosis of a case of bovine spongiform encephalopathy (BSE) in an adult Holstein cow in Washington State in December 2003. Trade projections in this report for 2004/05 incorporate long-term assumptions concerning weather, foreign trend yields, and foreign use and do not reflect short-term conditions that may affect trade that year.

Critical long-term assumptions are made for:

- U.S. and international macroeconomic conditions,
- U.S. and foreign agricultural and trade policies,
- Growth rates of agricultural productivity in the United States and abroad, and
- Weather.

Changes in assumptions for any of these items can significantly affect the baseline projections, and actual conditions that emerge will alter the outcomes.

The baseline projections analysis was conducted by interagency committees in USDA and reflects a composite of model results and judgment-based analysis. The Economic Research Service has the lead role in preparing the Departmental baseline report. The projections and the report were reviewed and cleared by the Interagency Agricultural Projections Committee, chaired by the World Agricultural Outlook Board. USDA participants in the baseline projections analysis and review include the World Agricultural Outlook Board, the Economic Research Service, the Farm Service Agency, the Foreign Agricultural Service, the Agricultural Marketing Service, the Office of the Chief Economist, the Office of Budget and Program Analysis, the Risk Management Agency, the Natural Resources Conservation Service, and the Cooperative State Research, Education, and Extension Service.

Baseline Projections on the Internet

The new USDA baseline projections are available electronically on the Internet at:

<http://usda.mannlib.cornell.edu/data-sets/baseline/>

Also, the Economic Research Service has a briefing room for baseline projections at:

<http://www.ers.usda.gov/briefing/baseline/>

Baseline Contacts

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